

1.0 INTRODUCTION

1.1 PROJECT OBJECTIVES, PURPOSE AND NEED

Venoco, Inc, (Venoco), a privately held, independent oil and gas company, is seeking approval from the California State Lands Commission (CSLC) for a new 10-year State lease (PRC 3904.1) of State-owned sovereign lands, to allow Venoco to continue operating the offshore improvements associated with the Ellwood Marine Terminal (EMT), a crude oil marine loading terminal and associated storage facility, through February 28, 2013 (see Figure 1-1). As defined in section 15378(a)(3) of the California Environmental Quality Act Guidelines (the State CEQA Guidelines), the proposed Project is the granting of a new 10-year State lease.

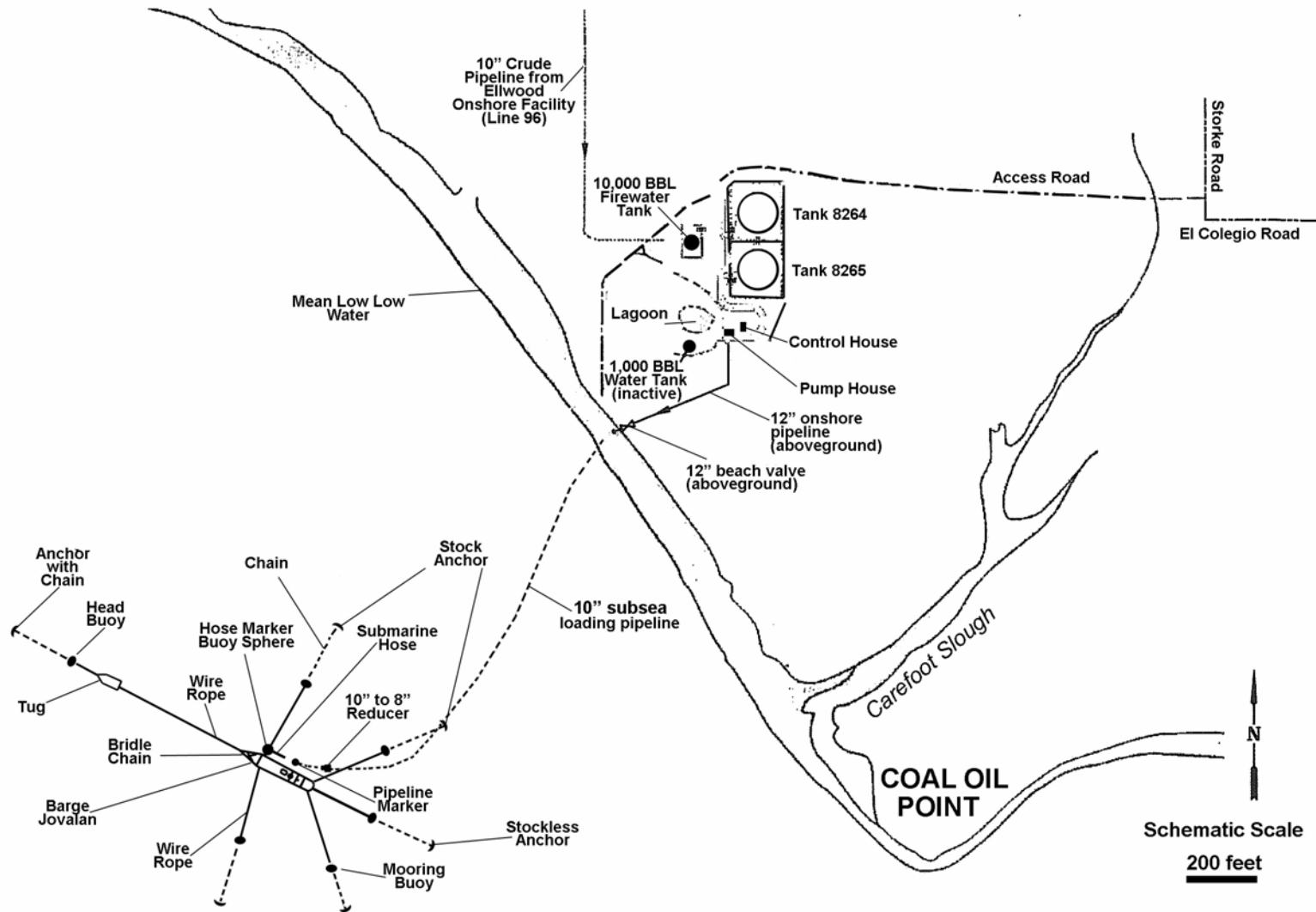
The State CEQA Guidelines section 15126.6 (a) requires that a range of reasonable alternatives to the proposed Project must be described, analyzed and feasibly attain most of the basic objectives of the Project. Therefore, in order to explain the need for the proposed Project, and to guide in development and evaluation of alternatives, the following basic objectives of the proposed Project have been identified by the Applicant:

- A new State Lease would allow Venoco to continue operating the offshore improvements associated with the EMT (a crude oil marine loading terminal), the associated onshore storage facility, and barge transit operations along coastal shipping routes to the Los Angeles and San Francisco Bay areas.
- The offshore improvements subject to the State Lease are used to transfer crude oil produced by Venoco to a barge for transportation to market. This transportation method eliminates the need for tanker truck transportation of crude oil from Santa Barbara to markets in Los Angeles and the Bay Area.

1.2 PURPOSE AND SCOPE OF EIR

The CSLC has prepared this Draft Environmental Impact Report (Draft EIR or EIR) in accordance with the California Environmental Quality Act (the CEQA) to assess the potential for environmental impacts associated with continued operation of the EMT through February 28, 2013, including crude oil transfer operations at the EMT, barge transit along shipping routes, and upset (accident) conditions near the EMT and along the outer coast.

Figure 1-1 Project Components



Section 15124(d) of the State CEQA Guidelines requires that an EIR contain a statement within the project description briefly describing the intended uses of the EIR. The State CEQA Guidelines indicate that the EIR should identify the ways in which the Lead Agency and any responsible agencies would use this document in their approval or permitting processes. The following discussion summarizes the roles of the agencies and the intended uses of the EIR.

The CSLC is serving as the Lead Agency responsible for preparing the EIR. Venoco has a State lease (PRC 3904.1) with respect to existing offshore pipelines and other improvements associated with the EMT. The EIR will be used by the CSLC to exercise its jurisdictional responsibilities in making its decision to grant a new 10-year lease of State-owned sovereign lands to Venoco.

The proposed Project will also be considered or reviewed by a number of State, Federal and/or local agencies as noted in Section 1.4, Permits, Approvals and Regulatory Requirements.

1.2.1 Organization of Draft EIR

- Section 2.0 of this Draft EIR describes the proposed Project, its location, layout and facilities, and presents an overview of its operation;
- Section 3.0 describes the alternatives to the proposed Project carried forward for analysis, and the alternatives that were considered, but eliminated from detailed evaluation;
- Section 4.0 describes existing environmental conditions, project-specific impacts and mitigation measures, and the impact analysis of the alternatives. Section 4.0 also identifies the cumulative projects and evaluates the impacts of the proposed Project in conjunction with the impacts of the cumulative projects;
- Section 5.0 addresses other required CEQA elements;
- Section 6.0 presents the Mitigation Monitoring Program (MMP);
- Section 7.0 presents information on the qualifications of those who prepared the report;
- Section 8.0 lists reference materials used to prepare the report; and

- Appendix A to this Draft EIR contains the mailing list of organizations and entities who received a copy of this document. The Notice of Preparation (NOP) copies of comments received on the NOP, including the location in the Draft EIR where the comments are addressed, are included in Appendix B. Other technical appendices are also included in this Draft EIR.

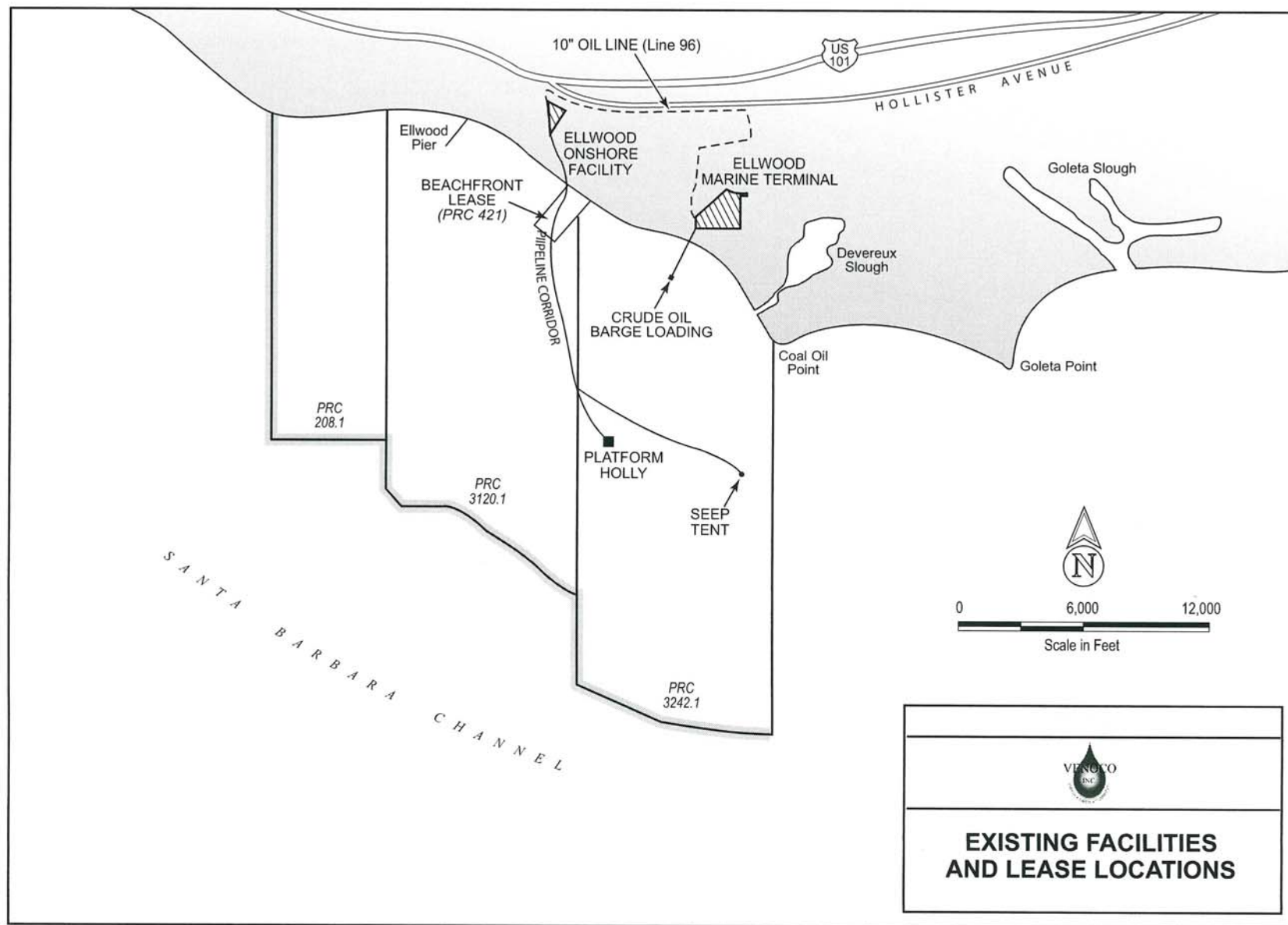
1.2.2 Study Area Boundary

The study area for this Draft EIR has been established in two tiers of scope. The detailed study area covers the area most susceptible to an oil spill, which is the coastline from Coal Oil Point to the Ellwood Pier. Those areas of the California outer coast through which Venoco transports oil to refineries in the Port of Los Angeles or the San Francisco Bay Area are the secondary area of study. These areas are identified in more detail in Section 2.0, Project Description.

1.2.3 Definition of Current Baseline and Future Conditions

Venoco proposes to continue operation of the EMT through February 28, 2013. Potential impacts of the existing Venoco operations (which are described in more detail in Section 2.0, Project Description) are analyzed in the context of the environmental conditions existing at the time the NOP was released for the proposed Project on July 14, 2004. The EMT currently handles all of the oil production from the South Ellwood Field. Oil is transported from Platform Holly in State waters through a subsea pipeline to the Ellwood Onshore Facility (EOF) for processing. Once processed, Venoco sends the oil to the EMT through a common carrier pipeline (referred to as Line 96). At the EMT, the oil is first stored in two onshore tanks and is then pumped into a pipeline for loading into the dedicated barge, Jovalan. A graphical representation of the relationship between Platform Holly, the EOF, and the EMT is provided in Figure 1-2. The terminal has an average barge-loading rate of 4,200 barrels (bbls) (668 cubic meters [m^3]) per hour with a maximum barge capacity of 56,000 bbls (8,903 m^3). Venoco typically loads a barge two to three times a month with 55,000 bbls (8,744 m^3) of crude oil per load. The oil is then transported to refineries in the Port of Los Angeles or the San Francisco Bay area.

The South Ellwood Field currently produces about 4,000 bbls per day (BPD) (636 m^3/day) of oil. Venoco is permitted by the Santa Barbara County Air Pollution Control District (Santa Barbara County APCD) to transport up to 13,000 BPD (2,067 m^3/day) of crude oil by barge (approximately seven to eight barge-trips per month).

Figure 1-2 Leases and Applicant Facilities

1 In September 2001, the CSLC approved the re-drill of three production wells from
2 Platform Holly, which will increase production from the South Ellwood Field by 1,500 to
3 2,000 BPD (238 to 318 m³/day) of oil. Additional re-drilling of wells from Platform Holly
4 is anticipated in the future.

5 Based on projected well work from Platform Holly and reasonable production forecasts,
6 Venoco anticipates that the EMT could operate at the permitted capacity (13,000 BPD
7 [2,067 m³/day] of crude oil and seven to eight barge-trips per month) prior to the
8 expiration of the proposed State lease in 2013. Operating at the permitted capacity
9 represents the incremental increase in operations of the proposed Project for the
10 purposes of this EIR.

11 The primary information sources for Venoco's existing operations include the Lease
12 Renewal Application (Venoco 2003), additional data provided by Venoco, and site visit
13 inspections and assessments by the CSLC and other agencies. Local planning
14 documents from Santa Barbara County, the University of California, Santa Barbara
15 (UCSB), and the city of Goleta were also referenced. Online information and
16 Geographic Information System (GIS) resources were also used to the extent feasible.

17 The baseline environmental conditions for the outer coast are incorporated by reference
18 from numerous previous documents with a short summary, as pertinent for the
19 applicable environmental discipline sections. Previous documents include
20 environmental analysis prepared for the Channel Islands National Marine Sanctuary,
21 the Monterey Bay National Marine Sanctuary, biological surveys conducted by the
22 California Department of Fish and Game, U.S. Fish and Wildlife Service, the National
23 Oceanic and Atmospheric Administration and the U.S. Geological Survey,
24 environmental studies prepared by Santa Barbara County and the U.S. Minerals
25 Management Service, as well as numerous peer reviewed journal articles.

26 **1.3 PUBLIC REVIEW AND COMMENT**

27 **1.3.1 Scoping Process**

28 The CSLC, as Lead Agency in accordance with the provisions of the CEQA, determined
29 that the proposed Project may result in potentially significant adverse environmental
30 impacts, and therefore required preparation of this Draft EIR pursuant to and in
31 accordance with the CEQA (Public Resources Code, section 21000 *et seq.*), the State
32 CEQA Guidelines (California Administrative Code, section 15000 *et seq.*), and the
33 CSLC's guidelines implementing the CEQA.

1 On July 14, 2004, pursuant to the State CEQA Guidelines (sections 21080.4 and
2 15082(a)), the CSLC provided an NOP for the proposed Project to responsible and
3 trustee agencies and to other interested parties. The NOP solicited both written and
4 verbal comments on the EIR's scope during a 30-day comment period and provided
5 information on a forthcoming public scoping meeting. The CSLC held two public and
6 agency scoping meetings in Goleta, California on August 3, 2004, to solicit comments
7 on the scope of the EIR. Written comments were received in response to the NOP from
8 the following:

- 9 • Ventura County APCD;
- 10 • Santa Barbara County APCD (SBCAPCD);
- 11 • League of Women Voters of Santa Barbara, Inc.;
- 12 • U.S. Army Corps of Engineers;
- 13 • California Native American Heritage Commission;
- 14 • Robert Sollen;
- 15 • Barbara Massey;
- 16 • Citizens for Goleta Valley;
- 17 • Get Oil Out!;
- 18 • Ingeborg Cox;
- 19 • County of Santa Barbara, Energy Division;
- 20 • City of Goleta;
- 21 • UCSB Coal Oil Point Reserve;
- 22 • David Sangster; and
- 23 • Venoco, Inc.

1 A copy of the NOP, mailing list, meeting transcript, and letters received, as well as an
2 index of where such comments are addressed in the document, are included in
3 Appendix B.

4 **1.3.2 Public Comment on Draft EIR**

5 This Draft EIR is being circulated to local, Federal, and State agencies and to interested
6 individuals who may wish to review and comment on the report. Written comments may
7 be submitted to the CSLC during the 45-day public review period. Verbal and written
8 comments on this Draft EIR will also be accepted at a noticed public meeting (either
9 noticed in this document or under separate cover). All comments received will be
10 addressed in a Finalizing Addendum, which, together with this Draft EIR, will constitute
11 the Final EIR for the proposed Project.

12 This Draft EIR identifies the environmental impacts of the proposed Project on the
13 existing environment, indicates how those impacts will be mitigated or avoided, and
14 identifies and evaluates alternatives to the proposed Project. This document is intended
15 to provide the CSLC with the information required to exercise its jurisdictional
16 responsibilities with respect to the proposed Project, which would be considered at a
17 separate noticed public meeting of the CSLC.

18 The CEQA requires that a Lead Agency shall neither approve nor implement a project
19 as proposed unless the significant environmental impacts have been reduced to an
20 acceptable level. An acceptable level is defined as eliminating, avoiding or substantially
21 lessening significant environmental effects to below a level of significance. If the Lead
22 Agency approves the project, even though significant impacts identified in the final EIR
23 cannot be fully mitigated, the Lead Agency must state in writing the reasons for its
24 action. Findings and a Statement of Overriding Considerations (SOC) if significant
25 impacts cannot be fully mitigated must be included in the record of project approval and
26 mentioned in the Notice of Determination (NOD).

27 **1.4 PERMITS, APPROVALS AND REGULATORY REQUIREMENTS**

28 Since the proposed Project would not include construction of new facilities or
29 modifications to existing facilities, the Applicant would not require any additional new
30 permits or approvals. However, the existing facilities are currently subject to existing
31 permits, approvals, and regulatory requirements. The following regulatory agencies and
32 reviewing authorities have granted existing permits and approvals and will be reviewing
33 this document.

- 1 • City of Goleta (Franchise Agreement for Line 96);
- 2 • Santa Barbara County (Ordinance 2919 [95-DP-024], Venoco, Inc.'s Operating
- 3 Permit for the EOF and the EMT);
- 4 • SBCAPCD (Permits to Operate 8232-R5 and 8233-R5);
- 5 • UCSB (Lease of the onshore property expiring in 2016);
- 6 • California Coastal Commission;
- 7 • California Department of Fish and Game Office of Spill Prevention and Response
- 8 (OSPR);
- 9 • California State Fire Marshall; and
- 10 • Central Coast Regional Water Quality Control Board.

This page intentionally left blank.